

**AR05**

**AKAITCHO  
YELLOWKNIFE  
GOLD MINES LIMITED**

**ANNUAL REPORT  
1975**

*Head Office*

P.O. Box 40  
Commerce Court West  
Toronto, Ontario  
M5L 1B4

*Mine Office*

Yellowknife, N.W.T.

*Officers*

G. T. N. WOODROOFFE  
*President*

J. M. MORTIMER  
*Vice-President*

W. R. ROBERTSON  
*Secretary*

J. D. KRANE  
*Treasurer*

J. F. GILLIES  
*Controller*

*Directors*

\* D. R. DERRY

\* A. G. FULTON

L. C. KILBURN

\* J. M. MORTIMER

G. T. N. WOODROOFFE

\* Members of the Audit Committee

*Transfer Agents  
and Registrars*

NATIONAL TRUST  
COMPANY LIMITED  
Toronto

CROWN TRUST COMPANY  
Montreal

*Auditors*

THORNE RIDDELL & CO.  
Toronto

*Annual Meeting  
of Shareholders*

March 25, 1976  
11:00 a.m.  
(Toronto Time)  
Elizabeth Room,  
King Edward Sheraton Hotel,  
Toronto, Ontario

# AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

## REPORT OF THE DIRECTORS

### TO THE SHAREHOLDERS:

The Supercrest Mine, in which your Corporation maintains a 49.99 per cent interest, is operated by Giant Yellowknife Mines Limited in conjunction with its own operations.

Pertinent production and financial information of Supercrest Mines Limited operations, is set forth below:

### SUPERCREST MINES LIMITED

PRODUCTION SUMMARY	1975	1974
Ore milled, tons .....	31,870	47,721
Calculated mill heads, oz. gold per ton .....	0.463	0.578
Recovery, per cent .....	87.79	87.18
Recovery — Gold, ounces .....	12,921	24,052
Silver, ounces .....	2,828	5,060
Average price received per oz. of gold .....	\$161.52	\$162.86
Net revenue per ton .....	\$65.39	\$81.90
Operating cost per ton before write-offs .....	\$40.71	\$35.34
FINANCIAL SUMMARY	1975	1974
Income		
Net value of production .....	\$2,083,832	\$3,908,253
Operating costs .....	1,297,515	1,686,673
Interest earned .....	46,172	57,757
Income Taxes .....	329,000	758,000
Net Income .....	<u>\$ 503,489</u>	<u>\$1,521,337</u>
Condensed Balance Sheet		
Current assets .....	\$ 899,172	\$1,408,515
Fixed assets .....	2	2
	<u>\$ 899,174</u>	<u>\$1,408,517</u>
Current liabilities .....	\$ 62,025	\$ 409,847
Common shares, 665,010 shares issued .....	665,010	665,010
Retained earnings .....	172,139	333,660
	<u>\$ 899,174</u>	<u>\$1,408,517</u>



	<u>1975</u>	<u>1974</u>
Working Capital Position		
Working capital derived from:		
Operations .....	\$ 503,489	\$1,521,337
Working capital applied to:		
Dividend on 665,010 common shares .....	665,010	1,662,525
Decrease in working capital .....	161,521	141,188
Working capital at beginning of year, as previously reported ....	998,668	1,138,718
Reclassification of prepaid expenses .....	—	1,138
As restated .....	—	1,139,856
Working capital at end of year .....	<u>\$ 837,147</u>	<u>\$ 998,668</u>

#### ORE POSITION

After the milling of 31,870 tons of ore during the year, ore reserves at year end are estimated to be 125,000 tons grading 0.46 ounce gold per ton, compared with 134,000 tons of 0.47 ounce gold per ton as at December 31, 1974.

In calculating the ore reserves, the cut-off grade was raised from 0.20 ounce gold per ton, used last year, to 0.25 ounce gold per ton. About 12,000 tons were added to the reserves of S11-70 Stope by diamond drilling and another 10,000 tons by re-interpretation of other existing blocks.

Potential for additional ore is good south of S11-70 Stope between the 1,100 and 950 levels, and below S12-80 Stope. There are no known significant low grade zones that can be considered at a higher gold price.

#### UNDERGROUND OPERATIONS

Production was obtained from eight stoping areas and one development heading.

Lateral advance of 1,536 feet was made in three headings, one of which, the decline from 1,100 level, was extended 920 feet, essentially to completion. Only draw points and sill work are required to prepare the stoping block below 1,100 level for production. Raise development totalled 251 feet in four headings, three for stope work above 950 sub-level and one for ventilation in S12-80 Stope.

Underground diamond drilling totalled 10,697 feet in 73 holes. Most of the drilling was done from 950 and 1,100 levels. Some extensions were made to the lower Supercrest ore body.

#### GENERAL

Operations were again seriously affected by a shortage of experienced miners and turnover remained high.

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#### DIVIDENDS

Dividends aggregating 10 cents per share were paid by your Corporation during the year.

On behalf of the Board,

Toronto, Ontario,  
February 23, 1976.

G. T. N. WOODROOFFE,  
President.

# AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

## BALANCE SHEET—DECEMBER 31, 1975

(with comparative figures at December 31, 1974)

ASSETS		1975	1974
CURRENT ASSETS			
Cash .....	\$	3,751	\$ 23,064
Short term securities, at cost which approximates market value .....		113,551	93,434
Accrued interest receivable .....		234	2,442
		<u>117,536</u>	<u>118,940</u>
INVESTMENT IN SUPERCREST MINES LIMITED (see note)			
332,504 Common shares, at cost .....		2,499	2,499
Equity in undistributed earnings .....		418,203	498,963
		<u>420,702</u>	<u>501,462</u>
	\$	<u>538,238</u>	<u>\$ 620,402</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable .....	\$	93	\$ 400
SHAREHOLDERS' EQUITY			
CAPITAL STOCK			
Authorized — 4,000,000 shares of \$1 each			
Issued — 3,266,112 shares .....		3,266,112	3,266,112
Deduct discount less premium on shares .....		2,052,652	2,052,652
		<u>1,213,460</u>	<u>1,213,460</u>
DEFICIT .....		675,315	593,458
		<u>538,145</u>	<u>620,002</u>
	\$	<u>538,238</u>	<u>\$ 620,402</u>
Approved by the Board			
G. T. N. WOODROOFFE, Director.			
J. M. MORTIMER, Director.			

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

We have examined the balance sheet of Akaitcho Yellowknife Gold Mines Limited as at December 31, 1975 and the statements of income, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 19, 1976

THORNE RIDDELL & Co.  
Chartered Accountants



# AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

## STATEMENT OF INCOME YEAR ENDED DECEMBER 31, 1975 (with comparative figures for 1974)

	1975	1974
Revenue		
Interest earned .....	\$ 10,964	\$ 18,521
Administrative and corporate expenses		
Toronto office overhead expenses .....	3,600	3,600
Transfer agent's fees and expenses .....	5,877	5,838
Shareholders' reports and meetings .....	2,323	2,186
Directors' fees .....	2,700	2,700
Audit fees .....	700	600
Taxes and filing fees .....	2,407	2,584
Dividend expense .....	277	97
Sundry expenses .....	70	453
	<u>17,954</u>	<u>18,058</u>
Income (loss) before the undernoted item .....	(6,990)	463
Equity in net income of Supercrest Mines Limited (dividends received — 1975, \$332,504; 1974, \$831,260) (see note) .....	251,744	760,668
NET INCOME .....	<u>\$ 244,754</u>	<u>\$ 761,131</u>
Earnings per share .....	7.5¢	23¢

## STATEMENT OF DEFICIT YEAR ENDED DECEMBER 31, 1975 (with comparative figures for 1974)

	1975	1974
DEFICIT AT BEGINNING OF YEAR .....	\$ 593,458	\$ 538,061
Net income .....	244,754	761,131
	<u>348,704</u>	<u>223,070</u>
Deduct dividends paid — 10¢ per share (1974 — 25¢ per share) .....	326,611	816,528
DEFICIT AT END OF YEAR .....	<u>\$ 675,315</u>	<u>\$ 593,458</u>

# AKAITCHO YELLOWKNIFE GOLD MINES LIMITED

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1975

(with comparative figures for 1974)

WORKING CAPITAL DERIVED FROM	1975	1974
Operations		
Net income .....	\$ 244,754	\$ 761,131
Dividends received from Supercrest Mines Limited .....	332,504	831,260
Less increase in equity in Supercrest Mines Limited, which does not involve working capital .....	251,744	760,668
	<u>325,514</u>	<u>831,723</u>
WORKING CAPITAL APPLIED TO		
Dividends paid .....	326,611	816,528
INCREASE (DECREASE) IN WORKING CAPITAL .....	(1,097)	15,195
WORKING CAPITAL AT BEGINNING OF YEAR .....	118,540	103,345
WORKING CAPITAL AT END OF YEAR .....	<u>\$ 117,443</u>	<u>\$ 118,540</u>

## NOTE TO FINANCIAL STATEMENTS

DECEMBER 31, 1975

### 1. INVESTMENT IN SUPERCREST MINES LIMITED

The company owns 332,504 common shares of Supercrest Mines Limited out of a total of 665,010 common shares issued.

It is the company's practice to carry this investment on the equity basis. Accordingly, the company's share of the net income of Supercrest Mines Limited is included in net income for the year and the investment account is carried at cost plus the accumulated equity in earnings since the commencement of production in reasonable commercial quantities on October 1, 1967 less dividends received.

### 2. ANTI-INFLATION ACT

The company is subject to the Anti-Inflation Act, which provides as from October 14, 1975 for the restraint of dividends. The maximum dividend that the company can pay or declare in the twelve months ending October 13, 1976 is 25¢ per share.

